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FINANCIAL REPORT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2004

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INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Walnut, Mississippi, solely to assist the Office of the State Auditor evaluate the Town of Walnut's compliance with certain laws and regulations as of September 30, 2004, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per</u> <u>General Ledger</u>
The Peoples Bank	General	\$ 206,672
	Water & Sewer, Gas	276,297

- B. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

The Town of Walnut owned no securities held for investment at September 30, 2004.

- C. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
1. Verify use of certified county assessment rolls and trace levies to governing body minutes;

2. Examined uncollected taxes for proper handling, including tax sales;
3. Traced distribution of taxes collected to proper funds; and
4. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

- D. We obtained a statement of payments made by the Department of Finance and Administration to the town. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General	\$ 188,502
Gasoline Tax	General	2,121
TVA in Lieu of Taxes	General	8,931
General Municipal Aid	General	393
Homestead Exemption	General	1,541
Fire Protection Allocation	General	3,222
DUI Grant	General	468
FEMA Grant	General	7,000
Police Equipment Grant	General	2,970
CDBG	Water & Sewer	215,667

- E. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	31
Dollar value of sample	\$ 104,448

We found the Town's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

- F. We have read the Municipal Compliance Questionnaire completed by the town. The completed survey indicated no instances of noncompliance with state requirements.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Lindsey and Davis
Certified Public Accountants

Ripley, Mississippi
December 8, 2004

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

We have compiled the accompanying statement of cash receipts and disbursements – (all funds) cash basis of the Town of Walnut for the year ended September 30, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements – (all funds) cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements – (all funds) cash basis is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 8 through 9 is presented for the purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Walnut, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.


Lindsey and Davis
Certified Public Accountants

Ripley, Mississippi
December 8, 2004

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2004

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2004	2003
CASH OPERATING RECEIPTS				
Privilege License	\$ 4,617	\$	\$ 4,617	\$ 3,749
General Property Taxes	29,591		29,591	30,658
Prior Year Taxes	145		145	1,603
Railcar Tax	1,522		1,522	1,624
Penalties and Interest on Delinquent Taxes	229		229	273
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	188,502		188,502	211,126
Gasoline Tax	2,121		2,121	1,872
Fire Protection	3,222		3,222	3,408
Homestead Exemption	1,541		1,541	1,392
TVA in Lieu of Taxes	8,931		8,931	7,524
General Municipal Aid	393		393	393
County Shared Receipts:				
Road Tax	26,929		26,929	28,394
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		739,796	739,796	725,867
Garbage Collection Fees	16,171		16,171	15,893
TVRHA in Lieu of Taxes	1,351		1,351	1,357
Fines	13,771		13,771	20,411
Park - Fees	29,656		29,656	25,723
Gross Receipts Tax	20,896		20,896	18,301
Miscellaneous	12,519	8,302	20,821	11,482
TOTAL OPERATING RECEIPTS	378,107	748,098	1,126,205	1,127,050
OTHER CASH RECEIPTS				
Interest	6,914	10,167	17,081	15,931
Increase in Meter Deposits		2,107	2,107	1,376
Grant Proceeds	45,433	215,667	261,100	77,083
Loan Proceeds	66,050	135,000	201,050	
TOTAL OTHER RECEIPTS	118,397	362,941	481,338	94,390
TOTAL CASH RECEIPTS	496,504	1,111,039	1,607,543	1,221,440

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2004

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2004	2003
CASH OPERATING DISBURSEMENTS				
General Government	133,541		133,541	127,432
Public Safety:				
Police	104,832		104,832	82,160
Fire	67,972		67,972	42,671
Highways and Streets:				
Repairs & Maintenance	18,970		18,970	18,908
Enterprise:				
Gas & Water Utilities		630,187	630,187	527,749
Sanitation	16,460		16,460	23,668
Park & Recreation	51,945		51,945	42,819
TOTAL OPERATING DISBURSEMENTS	393,720	630,187	1,023,907	865,407
OTHER CASH DISBURSEMENTS				
Interest	793	59,585	60,378	72,352
Investment in Fixed Assets	68,173	146,306	214,479	155,384
Principal Payments	31,752	53,438	85,190	52,668
Grant Expense	45,433	215,667	261,100	77,083
TOTAL OTHER DISBURSEMENTS	146,151	474,996	621,147	357,487
TOTAL CASH DISBURSEMENTS	539,871	1,105,183	1,645,054	1,222,894
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(43,367)	5,856	(37,511)	(1,454)
Cash Balances - Beginning of Year	250,039	270,591	520,630	522,084
Cash Balances - End of Year	\$ 206,672	\$ 276,447	\$ 483,119	\$ 520,630

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT
SCHEDULE OF LONG-TERM DEBT
 YEAR ENDED SEPTEMBER 30, 2004

<u>Definition and Purpose</u>		<u>Balance Outstanding Oct. 1, 2003</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2004</u>
			<u>Issued</u>	<u>Redeemed</u>	
GMAC	Water System	\$ 140,671	\$ -	\$ 24,830	\$ 115,841
Rural Development	Water System		135,000		135,000
Rural Development	Gas System	442,584		8,608	433,976
The Peoples Bank	Gas System	505,000		20,000	485,000
The Peoples Bank	Bridge Repair		66,050	21,779	44,271
MS Dept of Economic & Community Development	Fire Truck	<u>63,402</u>		<u>9,244</u>	<u>54,158</u>
Total		<u>\$ 1,151,657</u>	<u>\$ 201,050</u>	<u>\$ 84,461</u>	<u>\$ 1,268,246</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2004

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Wallace Bell	Mayor	Western Surety Company	\$ 25,000
Joy Cooper	Town Clerk	Western Surety Company	250,000
Cheryl Voyles	Deputy Clerk	Western Surety Company	25,000

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS
September 30, 2004

GOVERNMENTAL FUNDS:

General Fund:

1.30% Certificate of Deposit, dated September 15, 2004 maturing on March 12, 2005	\$ 100,129
1.19% Certificate of Deposit, dated September 21, 2004 maturing on January 16, 2005	16,999

PROPRIETARY FUNDS:

Water Fund:

1.19% Certificate of Deposit dated July 9, 2004 maturing on January 3, 2005	<u>31,134</u>
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TOTAL INVESTMENTS	<u><u>\$ 148,262</u></u>
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT